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AUTHOR Barr, Richard H.
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ABSTRACT

This report provides data on 1976 bond elections and bond sales for financing public elementary and secondary school facilities and equipment. The annual report is intended for educators, school boards, legislators, and educational researchers who require up-to-date knowledge of school bond sales for planning future school bond programs. Data, summarized by state, are presented in tables and charts containing information on the number and dollar value of bond issues voted on and passed and the number, dollar value, and net interest of bonds sold. The study revealed several general findings about bond sales nationally. Bond elections reached new lows in fiscal year 1976; only 770 issues were voted on and only 391 were approved. The dollar value ($970) of bond issues approved was the lowest recorded since the study began in 1958. Bond sales for fiscal year 1976 increased slightly over fiscal year 1975. The average net interest cost for fiscal year 1976 was 6.25 percent, down slightly from the previous year. The monthly average net interest cost reached a new high of 7.1 percent for September 1975. (Author/JM)

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HIGHLIGHTS

Bond elections reached new lows in fiscal year 1976: only 770 issues were voted on and of these only 391 issues were approved.

The dollar value ($970 million) of bond issues approved during fiscal year 1976 was the lowest recorded since this study was started in 1958.

Bond sales for fiscal year 1976 increased slightly over fiscal year 1975—from 1,060 sales totaling $3.6 billion to 1,093 sales totaling $3.7 billion.

The average net interest cost for fiscal year 1976 was 6.25 percent, down slightly from 6.27 percent for fiscal year 1975.

The monthly average net interest cost reached a new high of 7.10 percent for September 1975, compared with the previous high of 6.94 percent for December 1969 and for August 1974.

elementary and secondary education

BOND SALES FOR PUBLIC SCHOOL PURPOSES 1975-76

by
Richard H. Barr
Institutional Surveys Branch
National Center for Education Statistics

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FOREWORD

This annual report presents data on bond elections and bond sales for financing the construction of public elementary and secondary school facilities. Data, summarized by State, are presented in tables and charts containing information on the number and dollar value of bond issues voted on and passed, and the number, dollar value, and net interest cost of bonds sold.

It is hoped that the data will prove useful to educators, school boards, legislators, educational researchers, and others in planning and financing school construction.

Roy C. Nehrt, Chief
Institutional Surveys Branch

David B. Orr, Deputy Director
Elementary and Secondary Surveys
Division

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INTRODUCTION

This report provides data on the sale of bonds for financing the acquisition of public elementary and secondary school facilities (land, construction, buildings) and equipment. The National Center for Education Statistics (NCES) issues this report annually for the benefit of school administrators, school members, and others who require up-to-date knowledge of school-bond sales for planning future school bond programs.

Total capital outlay for school facilities and equipment was estimated at $6.0 billion for 1975-76, amounting to approximately 9 percent of the estimated $67 billion[1] currently expended on public elementary and secondary education. NCES projections indicate that capital outlay for public elementary and secondary education will decline to $5.7 billion in fiscal year 1977[2].

Sources of Information

Information for this report was compiled for NCES by the Securities Industry Association from reports of sales and elections published in *The Daily Bond Buyer* (New York), generally considered the prime source for information on the municipal securities market. Daily reports of transactions were totaled for each month and summarized by issuing agency and by State for the fiscal year. This technique has proved satisfactory for gathering information, although the coverage remains incomplete for transactions not reported to *The Daily Bond Buyer*. Information on the rating of bond issues was obtained from Moody's Investors Service[3].

Coverage

Data herein cover fiscal year 1976 (July 1, 1975 to June 30, 1976), and were compiled on number of bond sales, average net interest cost, issuing agency, and term of maturity. Summary information regarding bond elections held, number approved or defeated, and par value of the issues put to a vote is also provided. Certain transactions for the State of Delaware were not included in the data set because insufficient data were available. Delaware sells bonds for various purposes, and in FY 1976 these included bonds totaling $8.9 million for nine public school projects. Of this amount, $2.4 million is a liability of the local school districts, while the balance is a liability of the State.

[1] U.S. Department of Health, Education, and Welfare, National Center for Education Statistics, *Statistics of Public Elementary and Secondary Day Schools, Fall 1975*, Washington, DC: U.S. Government Printing Office, 1976, Table 11.

[2] U.S. Department of Health, Education, and Welfare, National Center for Education Statistics, *Projections of Education Statistics to 1985-86*, Washington, DC: U.S. Government Printing Office, 1977, Table 31.

[3] Source: Moody's Investors Service, New York, N.Y.

BOND ELECTIONS FOR PUBLIC SCHOOL PURPOSES

In FY 1976, 770 school-bond elections were reported, proposing public school bond issues totaling $2.1 billion (tables 1, 2, and A). In these elections 391 issues totaling $970 million were approved (a 50.8 percent approval rate).

Election Results

The 50.8 percent of elections approved in FY 1976 marked a slight increase over the 46.3 percent approval rate for 1975, but a 9.1 percent decrease in the number of approvals (from 430 in FY 75 to 391 in FY 76). Since FY 1965, when 74.7 percent of the proposed bond issues were approved, the percentage of issues approved declined, reaching low levels in FYs 1971 and 1972 (46.7 and 47.0 percent, respectively), then increased to over 56 percent in FYs 1973 and 1974, dropped to a new low (46.3 percent) in 1975 and then rose to 50.8 percent in 1976 (chart 1).

The $970 million par value of school bonds approved for FY 1976 is the lowest dollar amount recorded since the study of elections began in 1958. Four States--Colorado, Illinois, Ohio and Texas--accounted for approximately $457 million (47.1 percent) of elections approved. (See table A for data for individual States.) These States had a 53.3 percent average approval rate (compared with a 41.1 percent average approval rate for the remainder of the States) and accounted for 35.2 percent of the dollar value of issues failing to win approval.

State Voting Requirements

State requirements differ for voter approval of school-bond issues. In 32 States, voter approval is required before any general obligation bonds can be issued for public school purposes. Fourteen of these States (California, Idaho, Iowa, Kentucky, Massachusetts, Mississippi, Missouri, Nebraska, New Hampshire, New York, Oklahoma, South Dakota, Washington, and West Virginia) require specific percentages in excess of a bare majority for approval (e.g., for passage, Mississippi requires that 54 percent of those voting approve the issue). In 15 States (noted in table A), voter approval is required by some but not all school systems, depending on the classification of charter of the system. Three States--Alabama, Hawaii, and Indiana--do not require voter approval.

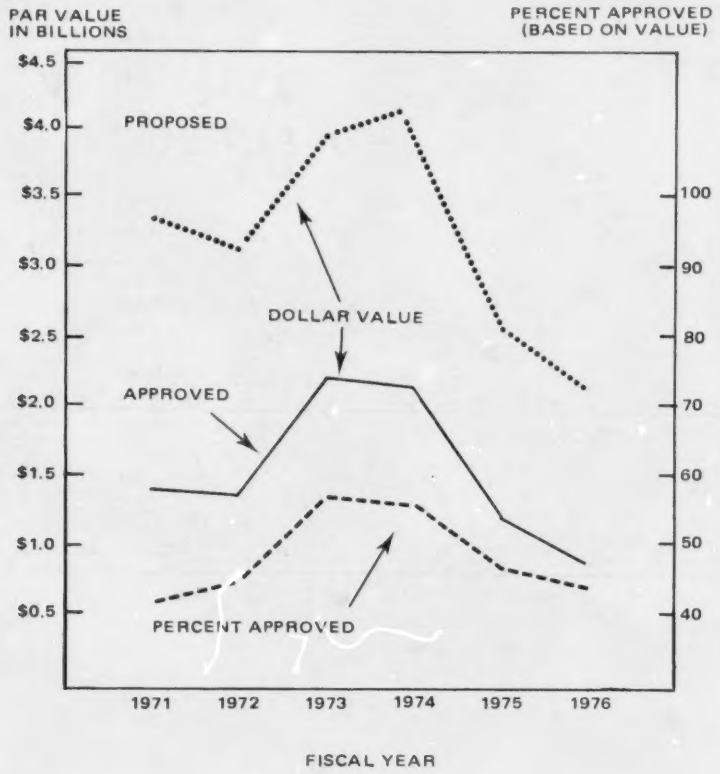
Table 1.--Number of public elementary and secondary school bond elections held and number and percent approved: United States, fiscal years 1971-76

Fiscal year ending June 30	Number of elections--		Approved (in percent)
	Held	Approved	
1971	1,086	507	46.7
1972	1,153	542	47.0
1973	1,273	719	56.5
1974	1,386	779	56.2
1975	929	430	46.3
1976	770	391	50.8

Table 2.--Par value of public elementary and secondary school bond issues proposed in elections held, par value of those approved, and those approved as percent of proposed: United States, fiscal years 1971-76

Fiscal year ending June 30	Par value of bond issues (in millions of dollars)		Approved (in percent)
	Proposed	Approved	
1971	$3,337	$1,381	41.4
1972	3,102	1,365	44.0
1973	3,988	2,256	56.6
1974	4,137	2,193	53.0
1975	2,552	1,174	46.0
1976	2,104	970	46.1

Chart 1.—Par value of public elementary and secondary school bond issues proposed in elections, those approved, and those approved as a percentage of proposed: United States fiscal years 1971-76



SOURCE: TABLE 2

NEW BOND SALES FOR PUBLIC SCHOOL PURPOSES

The $3.7 billion in sales during 1976 (tables 3, 4 and B) reflects the continuing need for school facilities (amounts of sales differ from annual approvals because not all sales require voter approval and there is an unmeasured backlog of unsold approvals). The 1976 sales were up 3.0 percent ($109 million) from sales in 1975; however, this increase is less than the 9.6 percent rise in the cost of construction index for the same period,[4] indicating reduced school construction activity.

Monthly Averages

The average monthly amount of bond sales in FY 1976—$307 million—was 3.1 percent above the 1975 average of $298 million (table 5). However, actual monthly sales in FY 1976 exceeded $500 million in both February ($558 million) and May ($563 million).

The 12-month moving average of bond sales is an average (arithmetic mean) of monthly sales for the 12-month period ending with each month (table 5). For FY 1976, this moving average rose from $310 million at the beginning of the year (plotted at February 1975) to $321 million (plotted at April 1975), then decreased to $271 million in September 1975, rising again to $307 million for the year (plotted at January 1970) (chart 2). (The 12-month moving average is plotted at the 7th month of each 12-month period).

Type of Issuing Agency

Of the 1,093 separate bond sales (totaling $3.7 billion) reported for various issuing agencies in FY 1976, school districts completed 894 sales totaling $2.4 billion (tables 4 and B), representing 81.8 percent of the total number of sales and 66.4 percent of the total dollar value of bonds sold.

School bonds issued by public schoolhousing and other revenue authorities accounted for 59 sales totaling $235.1 million in 1975-76. This was 5.4 percent of the number of sales and 6.4 percent of the dollar value of all new issues sold during the fiscal year. In addition to the schoolhousing authority bonds, these sales consisted of issues pledging special revenues, such as the proceeds of the motor vehicle tax and racetrack receipts in Florida. Special revenue issues have been adopted as a way of meeting local needs and shifting part of the burden of school construction from the normal local property tax base. The average sale for the schoolhousing authority and other revenue bonds was $4.0 million, compared with an overall average sale of $3.4 million for all issuing agencies and an average school district sale of $2.7 million.

Public schoolhousing authorities were developed as a means of offsetting strict debt limitations in some States. Although the mechanism may vary from State to State, each authority finances the construction, supervises the erection, and leases the finished school building to the local education agency. The debt is repaid from the rents collected by the authority, and, when the bonds have been retired and other obligations met, building ownership usually passes to the school district.

Governmental agencies other than school districts—i.e., State, county, city, town, or township civil governments—also sell general obligation bonds to finance construction of public school buildings. In 1975-76, these agencies made 140 bond sales (average sale, $7.2 million) totaling $1,004 million (12.8 percent of the number of sales and 27.2 percent of the dollar value). (See tables 4 and B.) Although the number of sales these governmental agencies made in FY 1976 increased 5.3 percent over FY 1975, the total dollar value of these sales decreased by 21.9 percent and the average sale decreased by 25.8 percent .

[4] American Appraisal Company Construction Cost Index, published in *Construction Review* by the U.S. Department of Commerce.

Table 3.—Summary of primary market, public elementary and secondary school bond sales, and average net interest cost, by type of bond and Moody rating: United States, fiscal years 1971-76

Fiscal year ending June 30	Bond sales		Average net interest cost (in percent)								
				General obligation bonds							
				By Moody rating*							
	Number of sales	Dollar amount (in thousands)	All bonds	All rated	Aaa	Aa	A	Baa	Ba	Non-rated	Revenue bonds
1971....	1,687	$3,908,007	5.48	5.39	5.10	5.02	5.14	5.93	6.60	5.42	5.96
1972....	1,547	3,368,017	5.01	4.96	4.54	4.60	4.92	5.48	5.84	4.85	5.49
1973....	1,336	2,904,945	4.91	4.84	4.53	4.77	4.79	5.18	5.17	4.97	5.15
1974....	1,234	2,959,401	5.35	5.34	4.97	5.04	5.48	5.59	–	5.27	5.67
1975....	1,060	3,579,243	6.27	6.26	5.54	6.13	6.57	7.00	–	6.67	7.02
1976....	1,093	3,687,877	6.25	6.24	5.42	6.01	6.54	7.02	–	6.40	6.68

*Moody's Investors Service, Inc., 99 Church Street, New York, N.Y. 10007.

Table 4.—National summary of new bond sales for public purposes: United States, fiscal year 1976

Issuing agency	All bond sales by issuing agency				Moody rating	Moody-rated* general obligation bond sales, by Moody rating			
	Number of sales reported	Dollar amount sold (thousands)	Percent of amount sold	Average net interest cost (in percent)		Number of sales reported	Dollar amount sold (thousands)	Percent of amount sold	Average net interest cost (in percent)
All agencies. . . .	1,093	$3,687,877	100.0	6.25	All ratings . . .	804	$3,082,533	100.0	6.24
State	8	464,975	12.6	5.64	Aaa	23	449,058	14.6	5.42
County	61	199,204	5.4	6.34	Aa.	105	638,397	20.7	6.01
City, town, twp . .	71	339,588	9.2	6.76	A	498	1,718,924	55.8	6.54
School district. . .	894	2,449,045	66.4	6.36	Baa	178	276,154	9.0	7.02
Authority	59	235,065	6.4	6.68	Ba.	-0-	-0-	–	–

Net interest cost of Moody-rated* general obligation bonds, by Moody rating and by quarter (in percent)

Quarter	All rated bonds	Aaa	Aa	A	Baa	Ba
All quarters.	6.24	5.42	6.01	6.54	7.02	–
July-September	6.76	5.90	6.34	6.98	7.19	–
October-December . .	6.75	6.66	6.04	6.86	6.95	–
January-March.	5.76	5.22	5.73	6.10	6.35	–
April-June	6.11	5.53	5.99	6.29	7.25	–

Net interest cost of general obligation bonds, by term and by quarter (in percent)

Quarter	Maturing in—					
	All terms	0-5 years	6-10 years	11-15 years	16-19 years	20 years and over
All quarters.	6.25	5.80	6.17	6.13	6.70	6.67
July-September	6.76	5.88	6.75	6.62	7.38	–
October-December . .	6.73	5.61	6.15	6.83	6.96	7.36
January-March.	5.79	5.91	5.62	5.70	6.39	6.05
April-June	6.14	5.61	5.90	5.96	6.52	7.20

NOTE: National data are for the 50 States.

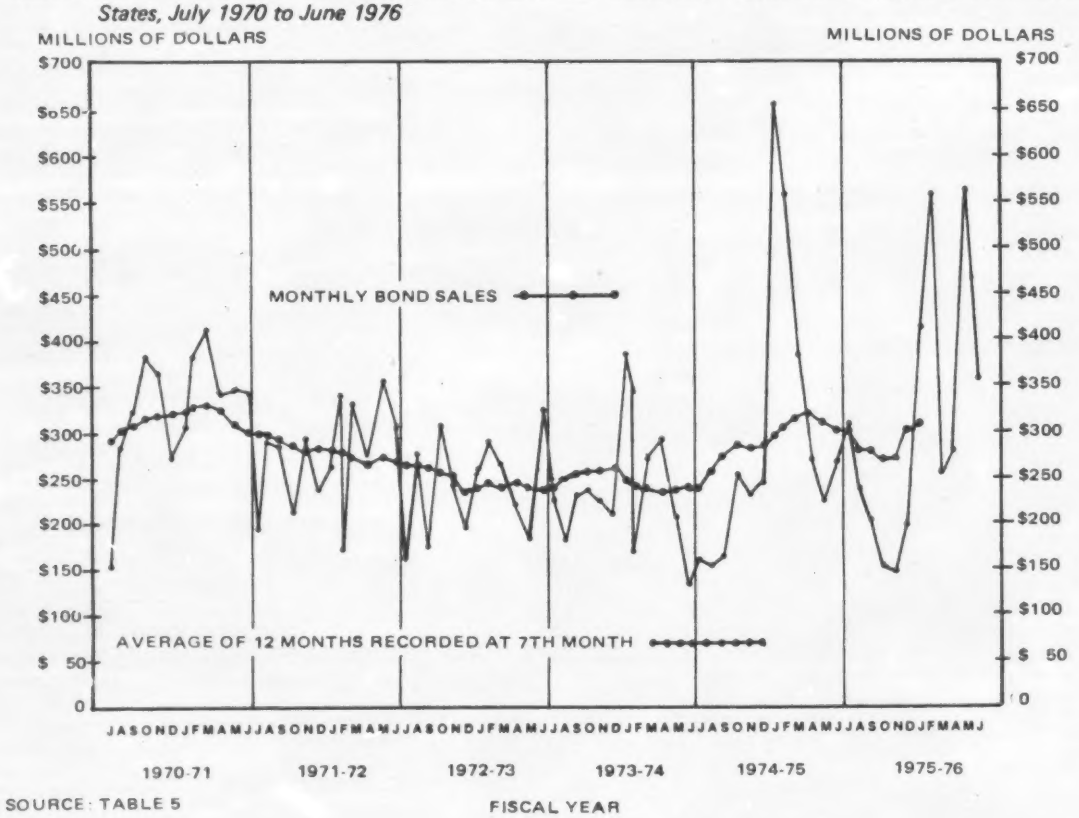
*Moody's Investors Service, Inc., 99 Church Street, New York, N.Y. 10007.

Table 5.—Amount and 12-month moving average of public elementary and secondary school bond sales, by month: United States, July 1970 to June 1976

Month	Amount of sales						12-month moving average amount of sales (recorded at the 7th month)					
	1970-71	1971-72	1972-73	1973-74	1974-75	1975-76	1970-71	1971-72	1972-73	1973-74	1974-75	1975-76
	(In millions)											
July	$152.4	$187.9	$162.6	$230.9	$163.9	$309.6	$294.3	$302.5	$268.5	$238.9	$238.0	$301.8
August	283.1	289.9	275.2	179.5	154.3	238.4	302.0	299.0	268.0	248.9	260.8	281.6
September	323.9	285.2	173.4	233.1	164.2	207.7	308.6	295.4	264.1	253.9	278.3	281.6
October	382.5	213.0	310.3	236.6	251.7	154.0	316.4	288.5	258.8	254.4	287.6	271.3
November	367.2	293.4	238.4	227.0	230.1	147.8	317.7	282.4	254.8	260.4	285.7	272.0
December	270.0	231.1	194.8	208.8	248.2	197.8	322.9	283.5	240.1	262.6	286.9	300.3
January	305.7	264.0	263.8	383.5	657.5	414.7	325.7	280.7	243.1	246.6	298.3	307.4
February	382.9	339.9	287.0	347.8	557.9	558.0	328.6	278.6	247.8	241.0	310.4	
March	413.2	330.3	267.3	273.4	384.3	260.3	329.2	277.3	239.8	238.9	317.4	
April	344.3	271.6	223.3	294.9	272.4	281.0	326.0	268.0	244.8	233.2	321.0	
May	347.2	359.4	182.7	209.3	223.7	562.9	311.8	276.1	238.7	234.5	312.9	
June*	336.6	302.2	326.6	134.7	271.1	357.2	305.7	271.5	237.7	234.7	306.0	
Fiscal year monthly avg.	325.7	280.7	243.1	246.6	298.3	307.4						

*End of fiscal year

Chart 2.—Amount and 12-month moving average of public elementary school bond sales, by month: United States, July 1970 to June 1976



SOURCE: TABLE 5

NET INTEREST COST

At the close of the year, the net interest cost, which had fallen from 6.49 percent for June 1974 to 6.16 percent for June 1975, had risen to 6.75 percent (table 6 and chart 3). The highest monthly average net interest cost during FY 1976 (7.10 percent) was recorded for September 1975 and exceeded the previously recorded high of 6.94 percent (December 1969 and August 1974). The average net interest cost for all bonds in 1976 was 6.25 percent, a decrease of 2 basis points (1 basis point equals 0.01 percent from the 1975 fiscal year average of 6.27 percent [table 3]).

Net interest cost partly reflects general market conditions, and no issuing agency or group of issuing agencies can prevent fluctuation in these conditions. However, local factors, such as the "faith and credit" of the issuing agency, type of community (residential, business, or industrial), outstanding debt of the agency, tax base available for repayment levy, and terms of repayment also affect cost. Two of the key factors influencing interest cost are a bond issue's rating and its life (period until repayment).

Rating as a Factor in Interest Cost

Moody's Investor Service, Inc., rates bond issues on their general desirability as investments. For a fee, Moody rates issues of governmental agencies, including school districts, that have bonds outstanding or proposed in the amount of $600,000 or more. The more financially sound the issue is judged, the higher its rating and the lower its interest cost.

General obligation bonds receiving Moody ratings (table C) totaled 804 issues and involved $3.1 billion. The average net interest cost for these rated bonds was 6.24 percent, only 1 basis point below the 6.25 percent average of all bond issues sold for public school purposes, but 16 basis points below the 6.40 percent average for nonrated bonds (table 3).

The average net interest cost of the "Baa" rated bond issues (the lowest rating sold during this fiscal year) was 7.02 percent, 160 basis points above the 5.42

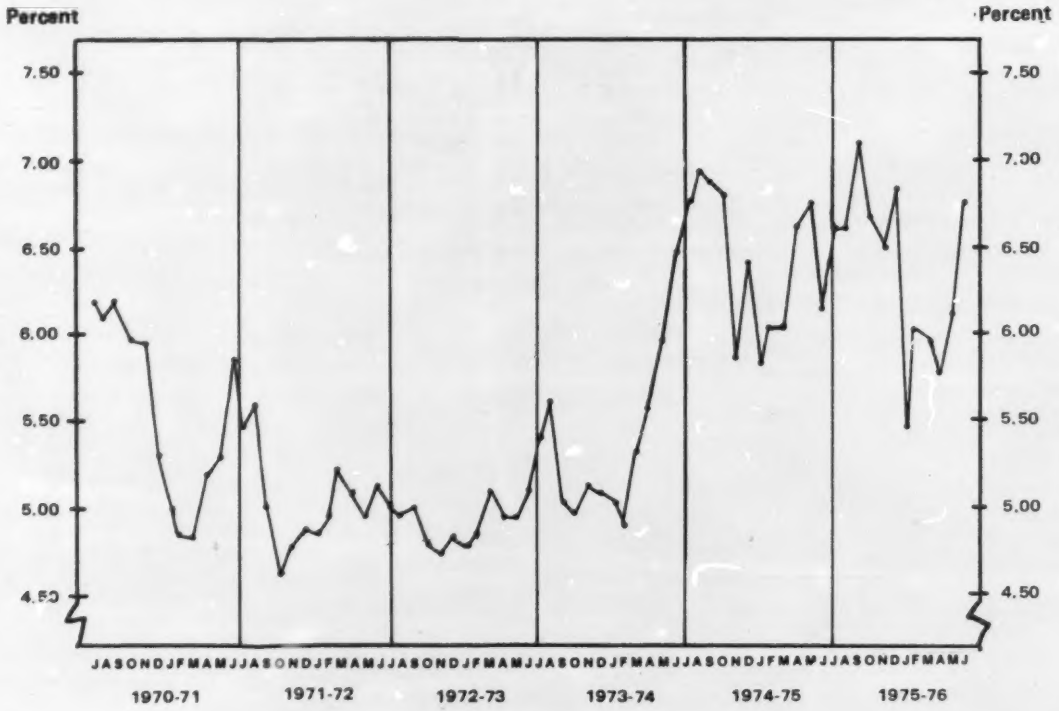
Table 6.—Monthly average net interest cost of public elementary school bond sales: United States, July 1970 to June 1976

(In percent)

Month	1970-71	1971-72	1972-73	1973-74	1974-75	1975-76
July	6.19	5.47	5.02	5.41	6.78	6.62
August	6.10	5.60	4.97	5.63	6.94	6.62
September	6.19	5.01	5.00	5.03	6.89	7.10
October	5.98	4.63	4.80	4.98	6.75	6.68
November	5.95	4.77	4.75	5.13	5.88	6.50
December	5.32	4.91	4.84	5.11	6.42	6.86
January	5.00	4.88	4.79	5.05	5.85	5.49
February	4.88	4.99	4.88	4.90	6.03	6.05
March	4.87	5.25	5.12	5.35	6.04	5.96
April	5.20	5.11	4.97	5.57	6.63	5.77
May	5.31	4.93	4.94	5.97	6.77	6.10
June*	5.88	5.14	5.10	6.49	6.16	6.75

*End of fiscal year.

Chart 3.—Monthly average net interest cost of public elementary and secondary school bond sales: United States, July 1970 to June 1976



SOURCE: TABLE 6

percent net interest cost for the highest rated ("Aaa") bond issues. The low-rated issues represented 22.1 percent of the number and 9.0 percent of the dollar value of rated issues.

The 23 "Aaa" issues amounted to 2.9 percent of the number and 14.6 percent of the dollar value of all rated bonds sold for public school purposes. The "Aaa", "Aa" and "A" groups combined accounted for 91.0 percent ($2.8 billion) of the total dollar value and 77.9 percent (626 issues) of the total number of rated bond issues sold.

Since the rating given a bond issue reflects the general credit rating of the issuing agency, the better rating, other factors being equal, naturally commands a lower interest rate.

Life of Issue as a Factor in Interest Cost

The life of an issue substantially influences the net interest cost. Table 7 (a summary of table D) illustrates the relationship between the life of an issue and net interest cost. Generally, the longer the term of an issue the higher will be the net interest cost. The lowest interest cost (5.80 percent) was for those issues with an average life of 0 to 5 years.

Table 7.—Summary of dollar amount and average net interest cost of general obligation bonds, by average life of issue: United States, fiscal year 1976

Average life of issue (years)	Dollar amount (millions)	Average net interest cost (percent)
0-5	$ 407	5.80
6-10	849	6.17
11-15	1,222	6.13
16-20	295	6.70
20 and over	52	6.67

SUMMARY

In 1976, approval of public school bond issues, averaging 46.1 percent of the dollar value and 50.8 percent of the number of issues proposed, reflected a decrease of 17.5 percent in dollar value and 9.1 percent in the number of issues from the year before. These decreases are considered significant in light of large decreases in approvals during the preceding year.

Although approvals were down, both in number and dollar value, the $3.7 billion in reported bond sales represented an increase of $100 million over FY 1975. The 1976 average net interest cost for all bonds of 6.25 percent was down 2 basis points from the 1975 average of 6.27 percent, indicating a slight decrease in public school borrowing costs. The 7.10 percent monthly average net interest cost recorded for September 1975 exceeded, by 16 basis points, the previous high (6.94 percent) reported for December 1969 and August 1974.

The number of bond sales has decreased over the past decade. However, reported sales rose from 1,060 in FY 1975 to 1,093 in FY 1976—a 3.1 percent increase. The average amount per sale continued at $3.4 million in FY 1976.

REFERENCE TABLES

Table A.—Results of bond elections for public school purposes, by State: United States, fiscal year 1976

State	Number of elections			Elections approved (in percent)	Par value of bond issues (in thousands of dollars)			Value of issues approved (in percent)
	Held	Approved	Defeated		Proposed	Approved	Defeated	
1	2	3	4	5	6	7	8	9
50 States	770	391	379	50.8	$2,103,005	$968,769	$1,134,236	46.1
Alabama*	0	0	0	–	0	0	0	–
Alaska	0	0	0	–	0	0	0	–
Arizona	15	9	6	60.0	65,000	15,375	49,625	23.6
Arkansas	37	32	5	86.5	21,573	15,283	6,290	70.8
California	25	10	15	40.0	101,610	36,629	64,981	36.0
Colorado	21	10	11	47.6	120,255	54,980	65,275	45.7
Connecticut**	0	0	0	–	0	0	0	–
Delaware**	4	1	3	25.0	7,270	637	6,633	8.7
Florida	0	0	0	–	0	0	0	–
Georgia	5	2	3	40.0	48,300	22,000	26,300	45.5
Hawaii*	0	0	0	–	0	0	0	–
Idaho	3	1	2	33.3	8,440	4,500	3,940	53.3
Illinois**	64	38	26	59.4	124,032	63,606	60,426	51.2
Indiana*	0	0	0	–	0	0	0	–
Iowa	46	21	25	45.7	81,000	23,411	57,589	28.9
Kansas	5	2	3	40.0	6,680	5,185	1,495	77.6
Kentucky	0	0	0	–	0	0	0	–
Louisiana	2	2		100.0	7,870	7,870		100.0
Maine**	3	2	1	66.7	5,060	3,330	1,730	65.8
Maryland**	0	0	0	–	0	0	0	–
Massachusetts*	3	3		100.0	21,540	21,540		100.0
Michigan	66	13	53	19.7	242,684	34,465	208,219	14.2
Minnesota**	34	15	19	44.1	88,892	48,875	40,017	54.9
Mississippi	0	0	0	–	0	0	0	–
Missouri	11	7	4	63.6	11,735	8,540	3,195	72.7
Montana	4	1	3	25.0	4,968	899	4,069	18.0
Nebraska	33	21	12	63.6	58,230	37,423	20,807	64.2
Nevada	0	0	0	–	0	0	0	–
New Hampshire**	0	0	0	–	0	0	0	–
New Jersey**	16	5	11	31.3	130,794	31,690	99,104	24.2
New Mexico	5	3	2	60.0	17,750	9,050	8,700	50.9
New York**	1	0	1	0.0	675	0	675	0.0
North Carolina	4	3	1	75.0	12,935	10,000	2,935	77.3
North Dakota	9	6	3	66.7	3,647	2,454	1,193	67.2
Ohio	106	23	83	21.7	255,635	63,464	192,171	24.8
Oklahoma	74	51	23	68.9	50,060	23,815	26,245	47.5
Oregon	12	9	3	75.0	46,590	42,550	4,040	91.3
Pennsylvania**	0	0	0	–	0	0	0	–
Rhode Island	0	0	0	–	0	0	0	–
South Carolina**	1	0	1	0.0	185	0	185	0.0
South Dakota	2	0	2	0.0	795	0	795	0.0
Tennessee**	8	4	4	50.0	9,230	5,345	3,885	57.9
Texas	106	73	33	68.9	356,077	274,620	81,457	77.1
Utah	5	4	1	80.0	27,200	24,700	2,500	90.8
Vermont	3	2	1	66.7	6,203	4,058	2,145	65.4
Virginia**	3	1	2	33.3	30,890	27,600	3,290	89.3
Washington	8	4	4	50.0	42,485	13,100	29,385	30.8
West Virginia	1	0	1	0.0	2,200	0	2,200	0.0
Wisconsin**	14	6	8	42.9	41,415	12,575	28,840	30.3
Wyoming	11	7	4	63.6	43,100	19,200	23,900	44.5

*Voter approval not required of any school system.
**Voter approval not required of some school systems.

Table B.—Summary of number, dollar amount, and average net interest cost of new bond

State	All agencies			State			County		
	Number of sales	Dollar amount (in thousands)	Average net interest cost (in percent)	Number of sales	Dollar amount (in thousands)	Average net interest cost (in percent)	Number of sales	Dollar amount (in thousands)	Average net interest cost (in percent)
1	2	3	4	5	6	7	8	9	10
50 States	1,093	$3,687,877	6.25	8	$464,975	5.84	61	$199,204	6.34
Alabama	5	16,725	6.39						
Alaska	6	31,200	6.59						
Arizona	45	126,505	5.97						
Arkansas	5	2,542	5.61	1	1,375	4.85			
California	56	316,981	6.19	2	125,000	5.49	2	8,400	5.72
Colorado	19	48,585	6.38						
Connecticut	14	65,703	5.90						
Delaware	(1)	(1)	–		(1)				
Florida	4	142,950	6.32	1	100,000	6.22			
Georgia	1	12,000	7.39						
Hawaii	0	0	–						
Idaho	4	6,065	7.08						
Illinois	133	582,796	5.90	1	30,000	5.63			
Indiana	30	79,640	6.66						
Iowa	26	32,547	5.74						
Kansas	17	35,413	5.73						
Kentucky	23	35,065	6.51				21	33,350	6.51
Louisiana	19	26,112	6.36						
Maine	1	2,635	5.58						
Maryland	0	0	–						
Massachusetts	22	114,632	6.79						
Michigan	52	133,016	6.90						
Minnesota	25	82,654	5.73						
Mississippi	8	8,630	5.08						
Missouri	25	31,073	6.15				1	625	5.10
Montana	2	2,894	6.26						
Nebraska	10	24,771	6.42						
Nevada	3	27,400	6.73				1	12,400	
New Hampshire	8	5,555	6.75						
New Jersey	45	144,183	7.20				1	1,949	6.43
New Mexico	19	44,016	5.15						
New York	56	170,065	7.64						
North Carolina	5	207,475	5.21	2	195,000	5.14	3	12,475	6.01
North Dakota	5	1,663	6.24						
Ohio	26	99,471	6.64						
Oklahoma	29	21,253	4.62						
Oregon	12	34,533	6.11						
Pennsylvania	59	192,885	6.86				1	1,575	
Rhode Island	4	15,825	6.74						
South Carolina	20	93,900	6.00	1	13,600	4.39			
South Dakota	5	4,450	6.50						
Tennessee	30	94,635	6.44				28	91,335	6.46
Texas	131	279,646	6.02						
Utah	12	48,148	5.31						
Vermont	1	1,370	6.99						
Virginia	8	97,705	6.02				3	37,095	6.12
Washington	29	88,355	6.06						
West Virginia	2	5,785	6.77						
Wisconsin	20	25,105	6.12						
Wyoming	12	23,320	5.58						

[1] The State of Delaware sold 9 issues for a total of $8,933,400. $2,378,000 was an obligation of the local education agencies and $6,555,400 was an obligation of the State. No other data are available on these sales.

sales for public school purposes, by issuing agency and State: United States, fiscal year 1976

City, town, or township			School district			Schoolhousing authority and other revenue authorities			State
Number of sales	Dollar amount (in thousands)	Average net interest cost (in percent)	Number of sales	Dollar amount (in thousands)	Average net interest cost (in percent)	Number of sales	Dollar amount (in thousands)	Average net interest cost (in percent)	
11	12	13	14	15	16	17	18	19	20
71	$339,588	6.76	894	$2,449,045	6.36	59	$235,065	6.68	50 States
3	1,725		2	15,000	6.39				Alabama
6	31,200	6.59							Alaska
			45	126,505	5.97				Arizona
			4	1,167	5.61				Arkansas
1	2,475	5.90	43	127,786	6.27	8	53,320	7.27	California
			19	48,585	6.38				Colorado
13	64,538	5.90	1	1,165	5.88				Connecticut
									Delaware[1]
			3	42,950	6.61				Florida
			1	12,000	7.39				Georgia
									Hawaii
			4	6,065	7.08				Idaho
			131	540,796	6.18	1	12,000	5.76	Illinois
			9	6,965	5.56	21	72,675	6.69	Indiana
			26	32,547	5.74				Iowa
			17	35,413	5.73				Kansas
2	1,715	6.73							Kentucky
			18	24,612	6.39	1	1,500	5.68	Louisiana
1	2,635	5.58							Maine
									Maryland
20	100,632	6.79	2	14,000	6.78				Massachusetts
			52	133,016	6.90				Michigan
			25	82,654	5.73				Minnesota
			8	8,630	5.08				Mississippi
			24	30,448	6.18				Missouri
			2	2,894	6.26				Montana
			10	24,771	6.42				Nebraska
			2	15,000	6.73				Nevada
			8	5,555	6.75				New Hampshire
7	59,633	8.25	37	82,601	6.46				New Jersey
			19	44,016	5.15				New Mexico
1	9,400	6.79	55	160,665	7.69				New York
									North Carolina
			5	1,663	6.24				North Dakota
			26	99,471	6.64				Ohio
			29	21,253	4.62				Oklahoma
			12	34,533	6.11				Oregon
4	5,300	6.89	28	114,635	6.83	26	71,375	6.98	Pennsylvania
4	15,825	6.74							Rhode Island
			19	80,300	6.20				South Carolina
			5	4,450	6.50				South Dakota
2	3,300	6.11							Tennessee
3	3,425	6.45	128	276,221	6.02				Texas
			12	48,148	5.31				Utah
1	1,370	6.99							Vermont
3	36,415	6.25				2	24,195	5.88	Virginia
			29	88,355	6.06				Washington
			2	5,785	6.77				West Virginia
			20	25,105	6.12				Wisconsin
			12	23,320	5.58				Wyoming

Table C.—Summary of number, dollar amount, and average net interest cost of Moody-rated general*

State	All rated bonds			Aaa			Aa		
	Number of sales	Dollar amount (in thousands)	Average net interest cost (in percent)	Number of sales	Dollar amount (in thousands)	Average net interest cost (in percent)	Number of sales	Dollar amount (in thousands)	Average net interest cost (in percent)
1	2	3	4	5	6	7	8	9	10
50 States	804	$3,082,533	6.24	23	$449,058	5.42	105	$638,397	6.01
Alabama	3	15,300	6.39	1	300	(1)			
Alaska	6	31,200	6.59						
Arizona	31	95,445	5.97				1	14,800	5.75
Arkansas	0	0	—						
California	43	306,775	6.17	2	125,000	5.49	5	12,665	5.45
Colorado	8	30,110	6.38				2	15,000	6.03
Connecticut	12	64,453	5.90	2	17,578	5.12	4	29,325	6.18
Delaware	0	0	—						
Florida	4	142,950	6.32				2	137,950	6.30
Georgia	1	12,000	7.39						
Hawaii	0	0	—						
Idaho	3	5,965	7.14						
Illinois	90	286,612	5.90	1	30,000	5.63	16	51,870	5.76
Indiana	28	78,365	6.66				3	12,950	5.88
Iowa	23	29,315	5.74				1	940	4.90
Kansas	4	17,120	5.16				1	15,000	5.18
Kentucky	10	20,655	6.48				1	215	6.35
Louisiana	15	23,317	6.39				1	1,800	5.83
Maine	1	2,635	5.58				1	2,635	5.58
Maryland	0	0	—						
Massachusetts	22	114,632	6.79				6	40,410	5.56
Michigan	46	131,252	6.91				9	20,595	6.55
Minnesota	19	54,335	5.70	4	26,975	5.28	1	6,400	4.29
Mississippi	0	0	—						
Missouri	15	26,511	6.18				1	2,500	5.47
Montana	0	0	—						
Nebraska	2	19,986	6.41				2	19,986	6.41
Nevada	2	15,000	6.73						
New Hampshire	8	5,555	6.75	2	1,950	6.16			
New Jersey	41	141,946	7.23				5	17,486	5.66
New Mexico	16	42,981	5.16				2	7,796	5.16
New York	49	153,297	7.63	2	3,965	6.50	3	13,985	6.72
North Carolina	5	207,475	5.21	2	195,000	5.14			
North Dakota	2	851	6.31						
Ohio	22	97,171	6.65				4	38,974	6.15
Oklahoma	3	6,600	4.70						
Oregon	7	27,825	6.12						
Pennsylvania	39	127,255	6.72	3	10,735	5.14	7	25,400	5.38
Rhode Island	3	13,325	6.74						
South Carolina	20	93,900	6.00	1	13,600	4.39	1	3,000	5.72
South Dakota	1	2,865	6.55						
Tennessee	25	91,910	6.44	1	16,550	5.89			
Texas	112	275,382	6.02	1	6,800	5.12	11	49,325	5.50
Utah	12	48,148	5.31				4	23,775	5.13
Vermont	1	1,370	6.99				1	1,370	6.99
Virginia	8	97,705	6.02				5	58,395	6.05
Washington	19	78,149	6.12				1	6,000	5.45
West Virginia	2	5,785	6.77						
Wisconsin	15	22,005	6.05				2	1,605	4.99
Wyoming	6	17,100	5.58				2	6,245	6.26

*Moody's Investors Service, Inc., 99 Church Street, New York, N.Y. 10007

[1] Data not available.

obligation bond sales for public school purposes, by rating and State: United States, fiscal year 1976

A			Baa			Unrated			State
Number of sales	Dollar amount (in thousands)	Average net interest cost (in percent)	Number of sales	Dollar amount (in thousands)	Average net interest cost (in percent)	Number of sales	Dollar amount (in thousands)	Average net interest cost (in percent)	
11	12	13	14	15	16	17	18	19	20
498	$1,718,924	6.54	178	$276,154	7.02	290	$606,844	6.40	50 States
2	15,000	6.39							Alabama
5	29,700	6.59	1	1,500	6.49				Alaska
24	75,525	5.98	6	5,120	6.45	14	31,060	6.32	Arizona
						5	2,542	5.61	Arkansas
31	164,395	6.77	5	4,715	7.02	13	10,206	6.86	California
6	15,110	6.38							Colorado
6	17,550	6.28				2	1,250	5.88	Connecticut
									Delaware
2	5,000	6.86							Florida
1	12,000	7.39							Georgia
									Hawaii
3	5,965	7.14				1	100	6.22	Idaho
63	191,037	6.29	10	13,705	7.02	43	296,184	5.95	Illinois
12	29,525	6.09	13	35,890	7.13				Indiana
20	26,120	5.73	1	1,650	6.19				Iowa
3	2,120	4.42				13	18,293	6.37	Kansas
8	19,040	6.48	1	1,400	6.70	13	14,410	6.60	Kentucky
1	6,019	6.62	13	15,498	6.33	4	2,795	5.68	Louisiana
									Maine
									Maryland
14	65,640	7.05	2	8,582	7.90				Massachusetts
31	106,155	6.98	6	4,502	6.61	6	1,764	6.30	Michigan
7	7,470	6.00	7	13,490	6.39	6	28,319	6.66	Minnesota
						8	8,630	5.08	Mississippi
14	24,011	6.30				10	4,562	5.95	Missouri
						2	2,894	6.26	Montana
						8	4,785	6.49	Nebraska
2	15,000	6.73							Nevada
2	1,795	6.87	4	1,810	7.31				New Hampshire
30	113,957	7.58	6	10,503	7.07	4	2,237	4.92	New Jersey
14	35,185	5.16				3	1,035	4.89	New Mexico
32	87,676	7.43	12	47,671	8.20	7	16,768	7.93	New York
2	12,150	5.99	1	325	6.58				North Carolina
2	851	6.31				3	812	6.10	North Dakota
15	55,022	7.13	3	3,175	7.19	4	2,300	5.60	Ohio
2	5,400	4.43	1	1,200	4.70	26	14,653	4.61	Oklahoma
7	27,825	6.12				5	6,708	5.73	Oregon
21	74,630	6.88	8	16,490	7.30	20	65,630	7.07	Pennsylvania
3	13,325	6.74							Rhode Island
15	73,060	6.20	3	4,240	6.61				South Carolina
1	2,865	6.55				4	1,585	6.38	South Dakota
11	49,430	6.53	13	25,930	6.74	5	2,725	6.81	Tennessee
41	163,884	5.97	59	55,373	6.58	20	5,764	6.46	Texas
8	24,373	5.63							Utah
									Vermont
3	39,310	5.84							Virginia
18	72,149	6.21				10	10,206	5.75	Washington
1	4,500	6.57	1	1,285	7.45				West Virginia
11	18,300	6.08	2	2,100	6.36	5	3,100	6.57	Wisconsin
4	10,855	4.95							Wyoming

Table D.—Summary of number, dollar amount, and average net interest cost of general obligation bond

State	All terms			Average life of issue					
				0-5 years			6-10 years		
	Number of sales	Dollar amount (in thousands)	Average net interest cost (in percent)	Number of sales	Dollar amount (in thousands)	Average net interest cost (in percent)	Number of sales	Dollar amount (in thousands)	Average net interest cost (in percent)
1	2	3	4	5	6	7	8	9	10
50 States	741	$2,825,092	6.25	84	$407,217	5.80	306	$848,696	6.17
Alabama	2	15,000	6.39						
Alaska	4	21,700	6.59				4	21,700	6.59
Arizona	27	76,250	5.97	7	3,765	6.05	11	29,725	5.85
Arkansas	3	850	5.61				1	100	5.24
California	39	296,334	6.19	4	12,930	6.20	12	68,778	6.89
Colorado	4	12,860	6.38				1	2,860	5.16
Connecticut	11	62,118	5.90	1	85	(1)	8	57,968	5.90
Delaware	0	0	—						
Florida	4	142,950	6.32						
Georgia	1	12,000	7.39						
Hawaii	0	0	—						
Idaho	2	665	7.08				1	100	6.22
Illinois	102	517,618	5.90	13	283,374	5.74	64	159,823	6.19
Indiana	27	76,180	6.66	5	4,735	5.01	6	12,400	5.37
Iowa	19	27,105	5.74	1	1,500	5.93	9	10,935	5.38
Kansas	11	28,428	5.73	3	1,660	4.42	1	565	4.76
Kentucky	8	16,275	6.51	2	1,895	5.63			
Louisiana	14	21,257	6.36				6	6,158	5.82
Maine	1	2,635	5.58						
Maryland	0	0	—						
Massachusetts	20	101,307	6.79	3	3,325	5.82	16	96,782	6.80
Michigan	38	97,994	6.90	7	13,004	5.75	10	32,380	7.35
Minnesota	21	50,244	5.73	3	11,674	4.77	12	27,715	5.56
Mississippi	1	275	5.08	1	275	5.08			
Missouri	15	20,764	6.15				4	4,430	5.59
Montana	2	2,894	6.26				1	1,046	6.26
Nebraska	3	12,043	6.42				1	350	5.96
Nevada	2	15,000	6.73				2	15,000	6.73
New Hampshire	8	5,555	6.75	1	325	6.49	7	5,230	6.76
New Jersey	36	110,307	7.20				22	50,125	6.34
New Mexico	12	33,131	5.15	8	17,781	5.18	4	15,350	5.13
New York	43	134,070	7.64	14	41,407	6.64	13	31,008	7.57
North Carolina	4	132,475	5.21						
North Dakota	4	1,383	6.24				1	325	5.69
Ohio	20	81,866	6.64	2	1,850	4.61	3	3,400	6.26
Oklahoma	13	11,070	4.62	3	4,020	4.91	10	7,050	4.53
Oregon	7	20,625	6.11	1	900	5.73	2	4,395	5.14
Pennsylvania	19	78,715	6.86				3	6,410	5.65
Rhode Island	1	350	6.74				1	350	6.74
South Carolina	19	85,200	6.00				10	46,700	5.45
South Dakota	5	4,450	6.50				2	945	6.51
Tennessee	22	71,845	6.44				3	4,800	6.55
Texas	88	228,623	6.02	4	2,007	5.59	25	41,410	5.43
Utah	11	40,148	5.31				11	40,148	5.31
Vermont	1	1,370	6.99						
Virginia	6	67,360	6.02				2	10,850	6.07
Washington	18	44,073	6.06				3	8,330	5.30
West Virginia	1	4,500	6.57						
Wisconsin	18	23,005	6.12	1	805	4.80	11	13,575	5.72
Wyoming	4	14,225	5.58				3	9,480	4.95

[1] Data not available.

sales for public school purposes, by average life of issue and State: United States, fiscal year 1976

Average life of issue									State
11-15 years			16-19 years			20 years and over			
Number of sales	Dollar amount (in thousands)	Average net interest cost (in percent)	Number of sales	Dollar amount (in thousands)	Average net interest cost (in percent)	Number of sales	Dollar amount (in thousands)	Average net interest cost (in percent)	
11	12	13	14	15	16	17	18	19	20
288	$1,222,111	6.13	51	$295,398	6.70	12	$51,670	6.67	50 States
2	15,000	6.39							Alabama
									Alaska
9	42,760	6.02							Arizona
2	750	5.65							Arkansas
17	181,726	5.71	6	32,900	7.20				California
3	10,000	6.58							Colorado
2	4,065	5.92							Connecticut
									Delaware
2	41,765	6.59	1	100,000	6.22	1	1,185	7.12	Florida
						1	12,000	7.39	Georgia
									Hawaii
1	565	7.14							Idaho
25	74,421	5.77							Illinois
9	32,985	6.75	7	26,060	6.94				Indiana
9	14,670	5.94							Iowa
7	26,203	5.76							Kansas
2	2,760	6.21	4	11,620	6.61				Kentucky
6	8,380	6.37	2	6,719	6.53				Louisiana
1	2,635	5.58							Maine
									Maryland
1	1,200	6.94							Massachusetts
10	18,695	6.68	9	30,015	6.86	2	3,900	6.63	Michigan
6	10,855	6.46							Minnesota
									Mississippi
10	15,749	6.18	1	585	7.92				Missouri
1	1,848	6.26							Montana
1	1,700	6.56	1	9,993	6.41				Nebraska
									Nevada
									New Hampshire
14	60,182	7.71							New Jersey
									New Mexico
14	49,899	7.74	2	11,756	8.17				New York
4	132,475	5.21							North Carolina
3	1,058	6.37							North Dakota
15	76,616	6.66							Ohio
									Oklahoma
4	15,430	6.27							Oregon
8	28,650	6.57	3	26,325	6.92	5	17,330	7.33	Pennsylvania
9	38,500	6.44							Rhode Island
3	3,505	6.50							South Carolina
18	62,045	6.36	1	5,000	7.22				South Dakota
44	154,191	5.91	13	29,925	6.83	2	1,090	6.82	Tennessee
									Texas
1	1,370	6.99							Utah
3	40,345	6.17				1	16,165	5.88	Vermont
15	35,743	6.17							Virginia
			1	4,500	6.57				Washington
6	8,625	6.62							West Virginia
1	4,745	6.26							Wisconsin
									Wyoming

APPENDIX

APPENDIX

DEFINITIONS

Types of Bonds

A bond is the promise of the issuer to pay the specified amount of money at the specified date and to pay periodically the specified rate of interest. School bonds are part of the group commonly called "municipal bonds" and are generally understood to include bonds issued by a State, county, town, township, school district, or other public authority. They may be "term bonds," with all the bonds in the issue maturing at the same time, or "serial bonds," with the bonds in the issue maturing at intervals over a period of several years. Most school bonds are serial.

Most school bonds are also "general obligation bonds," secured by the issuer's pledge of full faith and credit and taxing power, and are frequently designated more specifically as certificates of indebtedness, building coupon bonds, debentures, unlimited tax schoolhouse bonds, school project acts, or building warrants.

Schoolhousing authority issues usually are rental revenue bonds secured by a mortgage on the building and a pledge of repayment from revenues to be received for use of facilities. "Special revenue bonds" pledge the proceeds of a special revenue or tax, such as a motor vehicle license tax, cigarette tax, or racetrack receipts.

Twelve-Month Moving Average

The 12-month moving average of bond sales is an average (arithmetic mean) of monthly sales for the 12-month period ending with each month. Each average would properly be plotted at the midpoint of the period being averaged, however, for ease in recording and plotting, the 7th month of each 12-month period is used. For example, the average for the period November 1971 through October 1972 was recorded and plotted as of May 1972, and the average for the July 1973 through June 1974 period was recorded in January 1974. The line formed by connecting these points is a trend line of monthly sales with the seasonal fluctuations minimized.

Bond Ratings

Moody's Investors Service, Inc., rates bond issues on their general desirability as investments. This service, for a fee, rates issues of governmental agencies, including school districts, that have bonds outstanding or proposed in the amount of $600,000 or more.

"Aaa" bonds are judged to be the best quality. They carry the smallest degree of investment risk; interest payments are protected by an exceptionally stable margin, and principal is secure.

"Aa" bonds are judged to be of high quality by all standards. They are rated lower than the "Aaa" bonds because margins of protection may be smaller.

"A-1" bonds are "A" bonds which are better than most in the "A" class but do not meet the standards for an "Aa" rating.

"A" bonds are termed higher medium-grade obligations. Factors giving security to principal and interest are considered adequate.

"Baa-1" bonds are "Baa" bonds which are better than most in the "Baa" class but do not meet the standards for an "A" rating.

"Baa" bonds are considered lower medium-grade obligations; i.e., neither highly protected nor poorly secured. Certain protective elements may be lacking or may be characteristically unreliable over a great length of time.

"Ba" bonds are judged to have speculative elements; their future cannot be considered well assured. Protection of interest and principal payments may be very moderate.

Net Interest Cost

Net interest cost is the average cost of borrowing the money, taking into consideration the varying interest rates and redemptions that apply to the bond issue and any premium paid or discount taken at the time of the sale. For any group of bond issues the average for the group is weighted by the size of the issues and their respective redemption schedules.

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